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C O N F I D E N T I A L CARACAS 002599

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NSC FOR CBARTON
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STATE PASS TO DCHA/OTI

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TAGS: PGOV ECON KDEM VE
SUBJECT: VENEZUELA: GOV CONTINUES TO ACCUSE CANTV

REF: CARACAS 2563

Classified By: Political Counselor Abelardo A. Arias for reason 1.4 (d)

Summary

¶1. (C) The GOV continues to accuse CANTV, the telecommunications company handling the automated voting August 15, of attempting to manipulate the referendum results. Vice President Jose Vincente Rangel warned CANTV and its "North American associates" that the GOV would act if the company and its opposition-affiliated executives tried to steal the vote from Chavez, and Podemos Deputy Ismael Garcia said CANTV President Gustavo Roosen's answers at the National Assembly were "not sufficient." CANTV employees fear a GOV take-over after the referendum and Verizon President of International Operations has expressed concern to the Ambassador about Verizon's investment in CANTV. Still, CANTV is ready for the referendum August 15. End Summary.

GOV Believes CANTV Could Manipulate the Vote

¶2. (U) VP Jose Vincente Rangel warned CANTV executives and their "North American associates" August 10 that the GOV would act if the telecommunications company attempted to manipulate the results of the referendum. Rangel told reporters there have been signs from the company that have led the GOV to believe CANTV might not "honor" its obligations to the State and the Venezuelan people. He said CANTV would be taking a "great risk" if it perpetrated fraudulent activity during the referendum. Rangel identified CANTV President Gustavo Roosen and CANTV board member Ricardo Hausmann as supporters of the opposition to justify his claims of potential sabotage by CANTV.

¶3. (U) Podemos Deputy Ismael Garcia (who is trying to resurrect his image after his failing role in leading the Chavez effort against the signature appeals) told reporters August 10 that the answers given by Roosen to the special National Assembly commission August 9 were "not sufficient" and that the commission would continue to investigate CANTV's handling of the automated voting. Roosen spent six hours testifying before the commission, addressing questions related to trumped up accusations of CANTV's bias in favor of the "Si" campaign. Garcia and other pro-government deputies grilled Roosen on everything from opposition conspirators in CANTV to the possibility of Verizon counterparts in the U.S. manipulating the data. (reftel)

¶4. (U) The Venezuelan military inspected CANTV cables along the regional highway in the state of Aragua this week to thwart any plans to destabilize the region before the referendum. Aragua state Governor Didalco Bolivar said the presence of the military along the highway would help guard against any potential acts of sabotage by "terrorists" seeking to cut off light, gas, water, or telecommunication services. Chavez opponents saw the action as a hint of the government's preparation to act against CANTV.

CANTV, Verizon Concerned ...

¶5. (SBU) CANTV employees (one working in the operations centers for the referendum and another advising Roosen) told embassy FSN August 11 that the National Electoral Council (CNE) has required that all CANTV operators remain in the operations centers August 12-16 without outside communication. They said CANTV operators will be supervised by military officers at all times - this despite the fact CANTV is merely transmitting the data and will never have access to it.

¶6. (SBU) According to these employees, CANTV is conscious of the GOV's capacity to intervene in the operations of CANTV. While the similarities with PDVSA are not exact, they said

there could be a move to "clean out" CANTV as was done to PDVSA in 2003. CANTV employees know Chavez sees the telecommunications sector as strategic and think he might try to take it over if he wins the referendum. They believe the CANTV executives named by Deputy Garcia August 9 as part of an "opposition conspiracy," including Roosen and Director Jorge Dominguez, would be the first to be fired.

17. (C) Verizon's President of International Operations, Dan Petri, called the Ambassador August 11 to discuss his concerns for Verizon's investment in CANTV, given the government's accusations. Verizon has 28% share of CANTV, while the GOV has 6% share.

... But Ready for the Referendum

18. (SBU) CANTV communications official Amado Fugett told poloff August 12 the accusations against his company amounted to nothing more than "political noise." Fugett said CANTV had made some adjustments at the CNE's request based on the concerns expressed by the GOV and Chavez supporters. He said the company hosted National Assembly deputies, telecommunications regulatory officials, and military officers to review the setup at CANTV's two operations centers that will be used during the referendum. Tests of the system have been successful, he said, and it will be ready for the August 15 referendum.

Comment

19. (C) CANTV and Verizon have reason to be concerned by the GOV's threats and accusations. In a television interview August 10, VP Rangel said he "never agreed with the privatization of the telecommunications sector." Still, the GOV is unlikely to use the referendum as an immediate pretext for nationalizing CANTV. More likely, the GOV is laying the groundwork to cry CANTV foul and contest the results if Chavez loses the referendum.

Shapiro

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